

The Economics of Growth, Sprawl and Land Use Decisions

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Other Resources



- To see similar slides to those printed here and other graphs, reports, and resources on the economics of growth and land use, you can use the web at:

www.arches.uga.edu/~jdorfman/
or
landuse.uga.edu

Economic Benefits of Farm and Forest Lands

- These lands produce valuable products for consumers, generate jobs and tax revenues
- These lands attract businesses and families
- These lands also provide a net surplus to local government finances



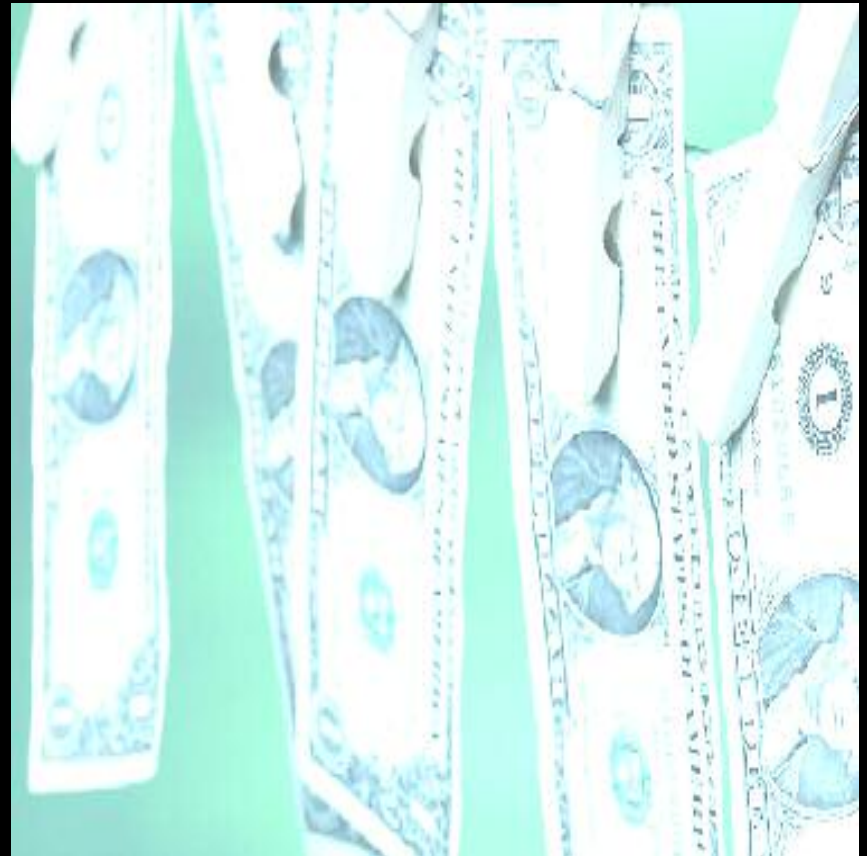
Economic Benefits of Green Space



- Green spaces increase property values of surrounding land
- Green and open spaces can provide environmental amenities for free
- If green spaces contribute to quality of life, you attract people and jobs to community

Development by Type

- Many counties and cities think that **growth** and **development** mean an **increasing tax base** and better financial health for the local government.
- Unfortunately a growing tax base is not enough to guarantee financial health, **you must get revenue to grow faster than expenditures.**



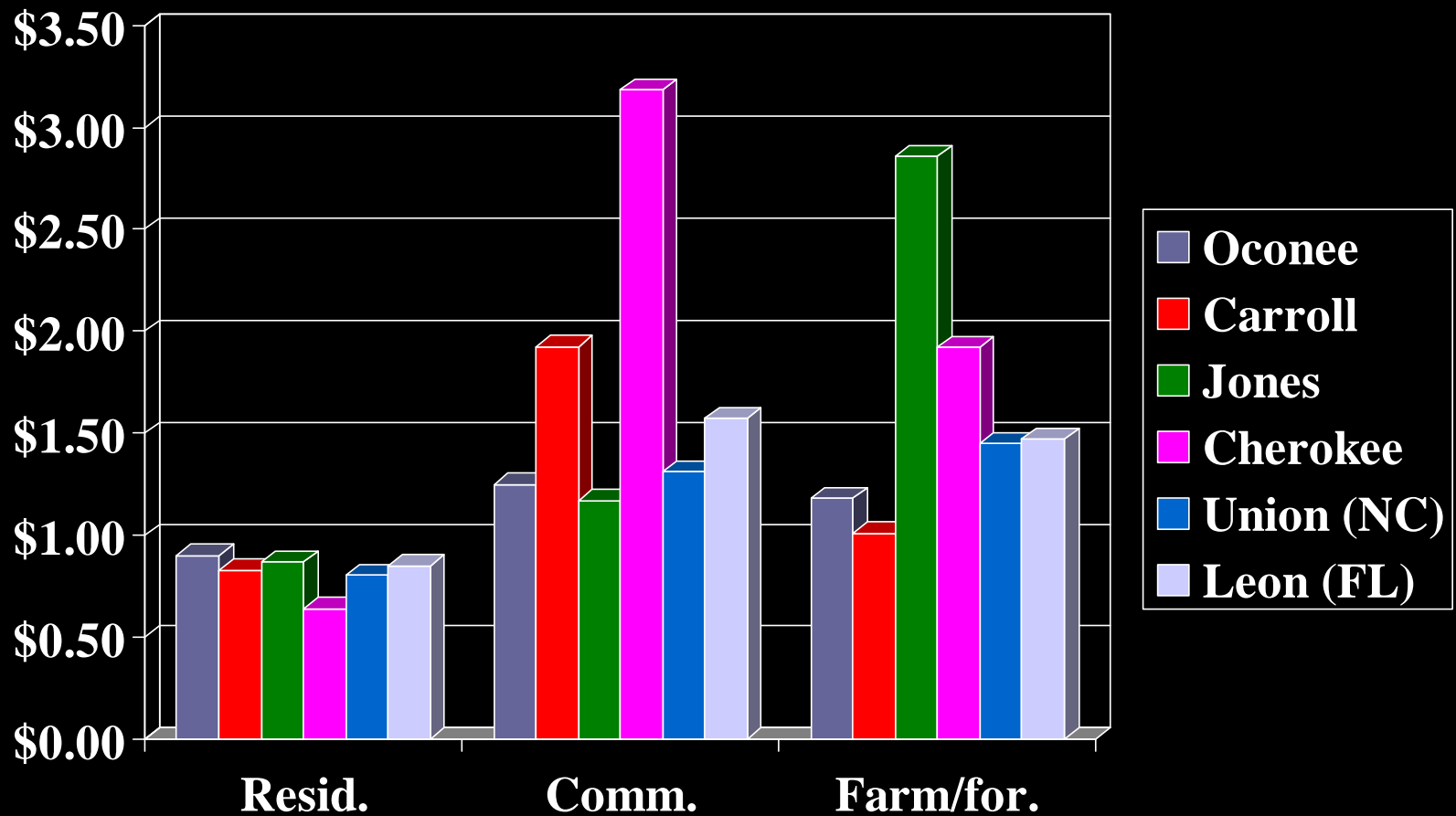
Revenues to Cost by Land Use



- Using results compiled by AFT, the national averages are:
 - **Residential:** **\$0.87**
 - **Commercial/Industrial:** **\$3.45**
 - **Farm/Forest/Open:** **\$2.70**
- These figures are \$'s of revenue for each \$1 of expenditures.

Some Southeastern US Results

Revenue:Expenditure Ratios



How to Change the Numbers



- Development patterns have an impact on the cost of service delivery: **sprawl is expensive to service.**
- The same growth done more densely and contiguously saves both money, farmland, and provides environmental amenities.
 - **Cost of service goes down by 50% of land savings (use half the land, save 25%).**

Development Patterns

- So, if density and contiguity are good ...
- Minimum lot sizes are bad
 - Except when they are really big for rural area
- Infill and in-town development are good
 - Infrastructure in place or cheaper to install
- Multifamily is good

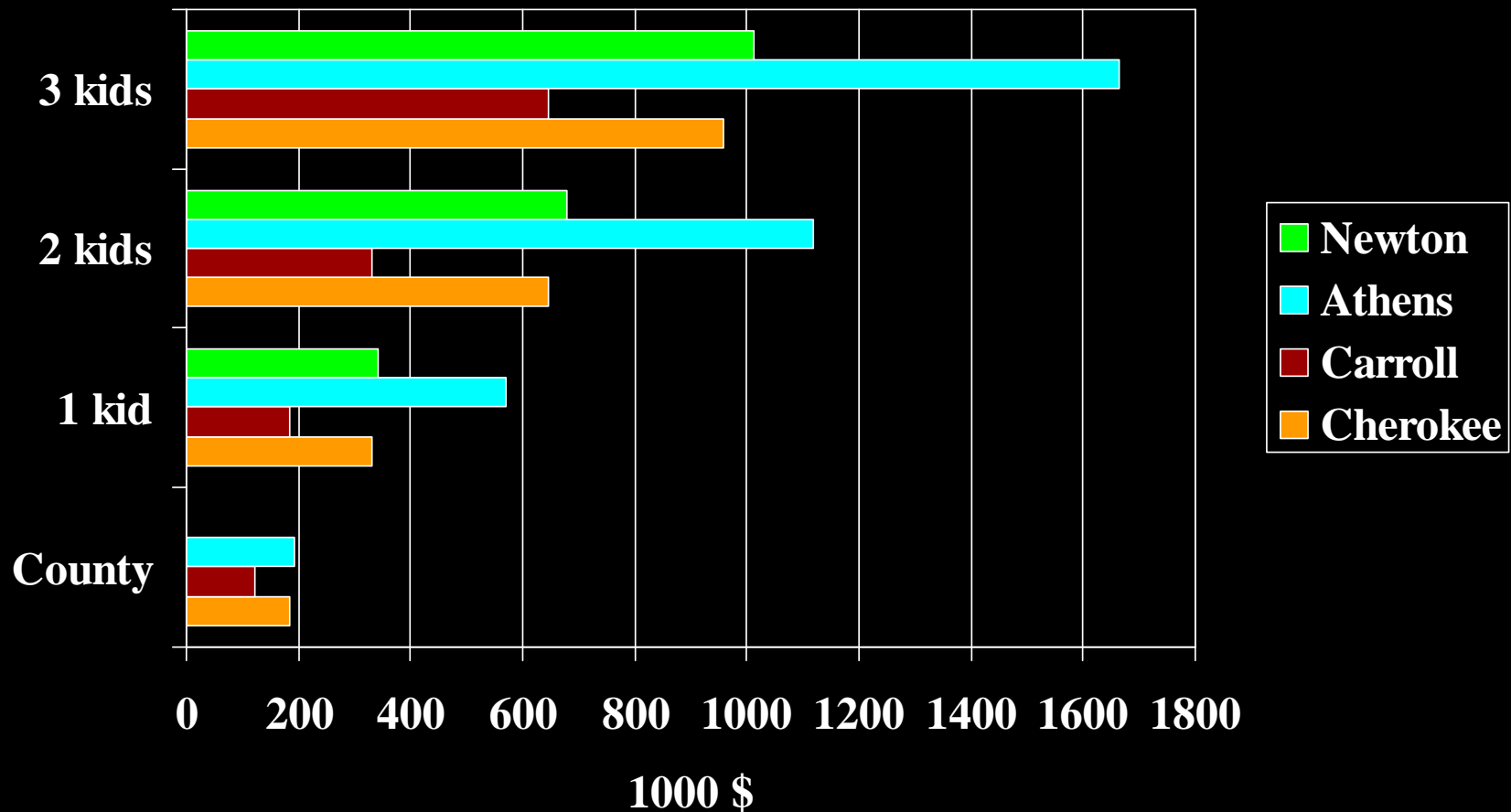


Conservation Subdivisions

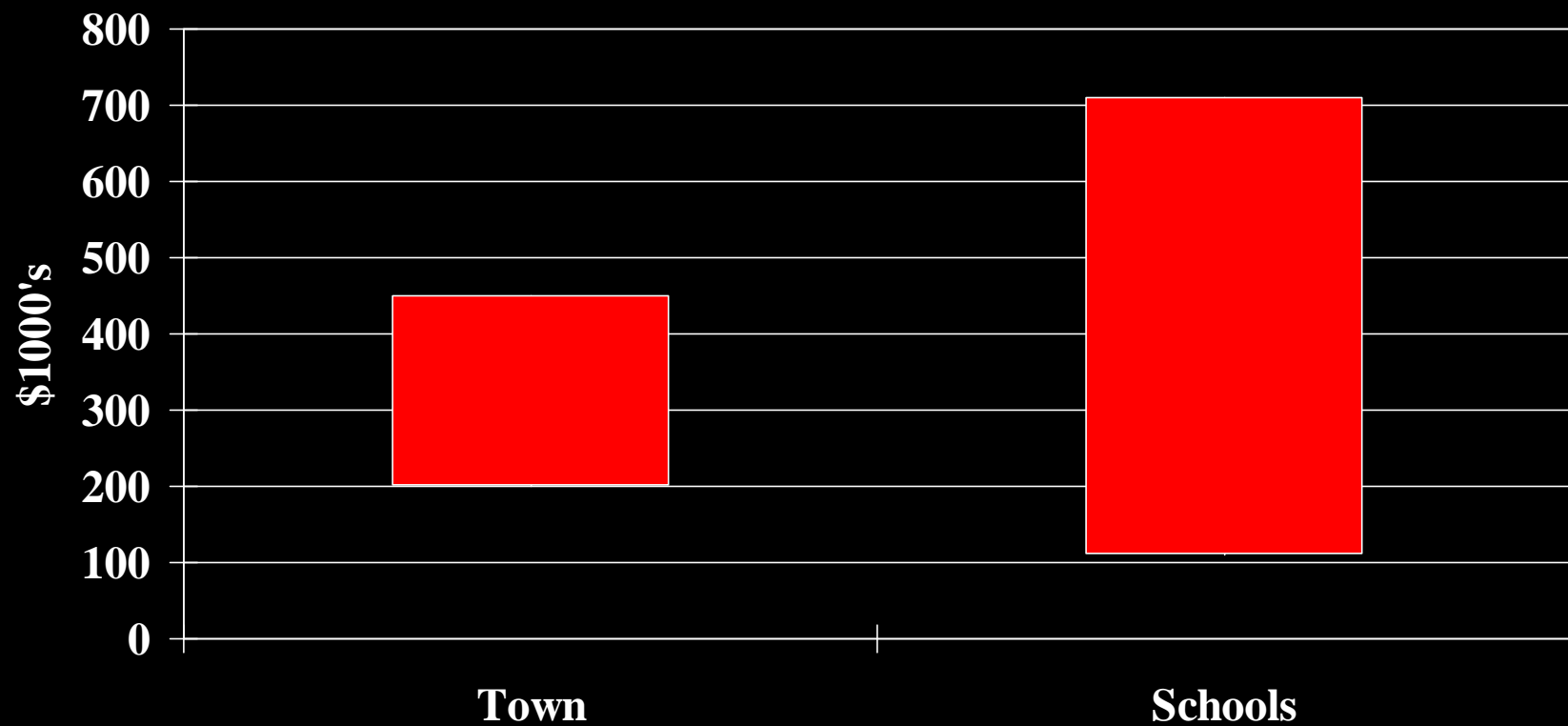


- Conservation subdivisions save on service costs and preserve open space.
- Conservation subdivisions also provide environmental amenities.
- One-time and future capital expenditures are also reduced.
- Win-win all the way around.

Example Break-even Home Values



Westfield Break-even Ranges

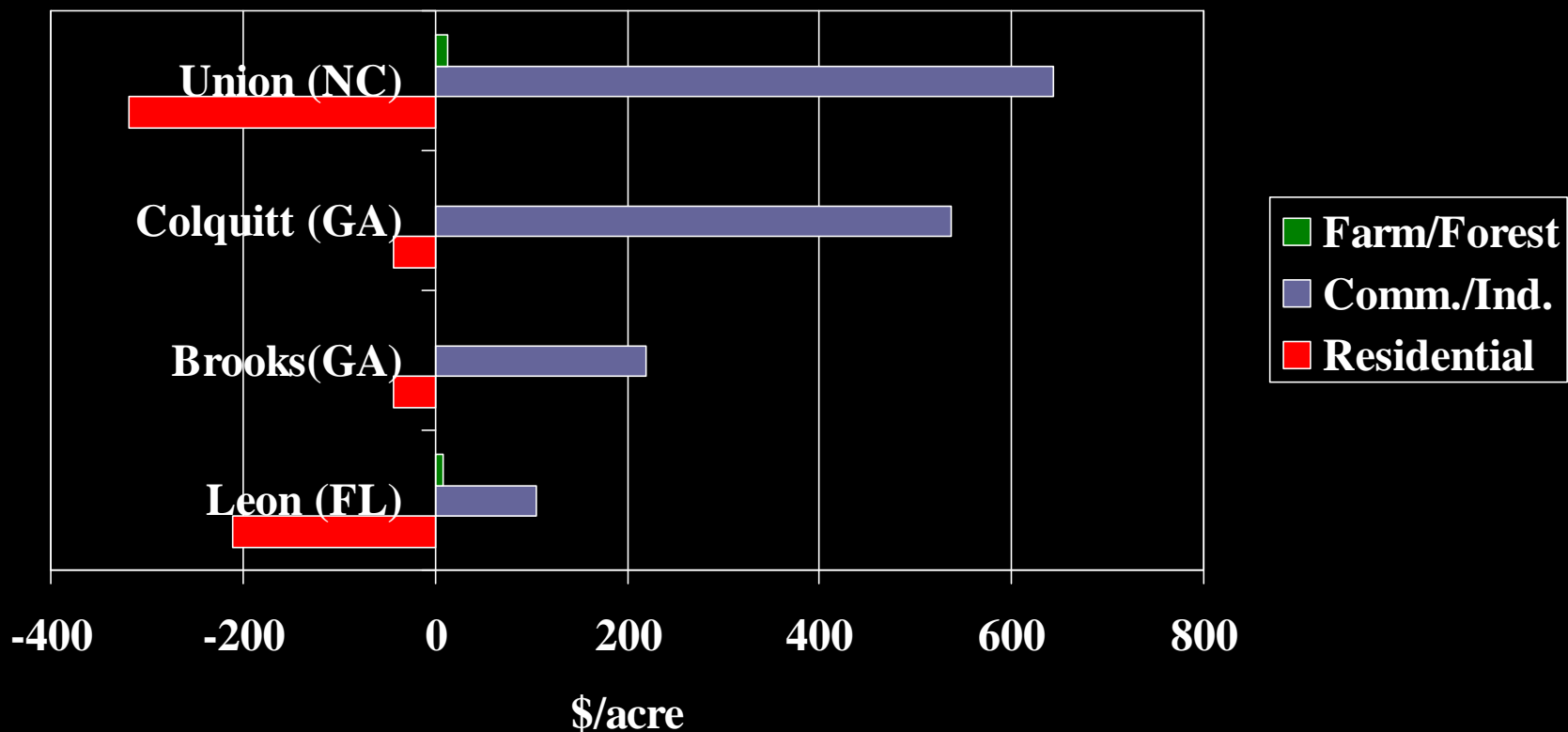


County vs Town vs Schools



- So county or township breaks even far before school system.
- Even at fractional kids per house, that holds true.
- Growth economics has to focus on educational costs.

What do the \$'s mean per acre?



Effective Planning Tools

- Standards
- Impact fees
- Incentives (time, approval, differential fees)
- Time
- **Infrastructure**



Managing Growth or Solving Problems?



- Especially with infrastructure, incentives and standards you can manage growth by steering developers to where/what you want.
- Alternative is to react *ex post* to problems caused by growth

The Ultimate Lesson of Growth Economics

- A community can grow any way it wishes.
- The question is:
- **Are you willing to pay the tax rate to support your chosen growth pattern?**

